

Thanks Justice for denying AT&T a spectrum monopoly in wireless by blocking T Mobil merger that would have established anti competitive Ma Cell. I urge FCC to reject the merger also for violating public interest. Use competition mandates just as Justice used antitrust law to deny the merger.

AT&T isn't used to not getting its way.

The telecom giant has long been known for its lobbying prowess in Washington ? and it pulled out all the stops to try to convince regulators that its \$39 billion acquisition of rival T-Mobile was a good idea.

AT&T's deep pockets have generously funded dozens of community groups and nonprofits ? a tactic AT&T's opponents said was intended to win their support on the deal.

AT&T spent nearly \$11.7 million on lobbying during the first half of 2011, up nearly \$2 million over the same time period in 2010. It has more than 10 contract firms on retainer ? including Clyburn Consulting, Crossroads Strategies, Polaris Government Relations and Peck, Madigan and Jones ? and dispatched more than 72 outside lobbyists and consultants to help convince the FCC and DOJ to bless the deal.

It brought on public relations agencies that helped craft the message that the mega-deal will expand wireless broadband to underserved populations across the country and would, therefore, create new jobs.

But the company's master plan showed serious signs of unraveling Wednesday, when the Justice Department went to court to block AT&T's bid. The FCC said it also has serious concerns about the deal.

AT&T said it was surprised by the news. In fact, company officials met with DOJ on Tuesday and government officials didn't say anything about breaking off negotiations, according to a source familiar with the conversation.

But that doesn't mean the company is backing down.

?We remain confident that this merger is in the best interest of consumers and our country, and the facts will prevail in court,? AT&T Senior Executive Vice President Wayne Watts said in a statement. Clearly AT&T is continuing to try to spin the lie this merger is good for consumers and the country. When in reality its only good for AT&T shareholders, shareholders of Deutsche Telecom and the executives of T Mobil.

AT&T has an impressive track record on merger proceedings. Over the past decade, it has cleared

high-profile deals, including one with SBC Communications, despite the initial reservations of regulators.

But this time, AT&T's confidence in the deal may have hurt its case.

In fact, AT&T's confidence bordered on arrogance, according to staffers who were in meetings with AT&T's lobbyists over the past five months.

One staffer said AT&T was "almost dismissive" of competition concerns that had been raised about the deal.

While it's a setback for AT&T, DOJ's move is a victory for the consumer advocates and public interest groups that are often far outgunned giant corporations like AT&T.

Consumers Union, Free Press and Public Knowledge have argued repeatedly that allowing the No. 2 and No. 4 wireless phone companies to merge would significantly weaken competition and raise prices for consumers.

Not to mention, they said, that the deal would violate antitrust laws – a point that Sharis Pozen, acting assistant attorney general in charge of DOJ's antitrust unit, agreed with.

"No amount of lobbying and political pressure that AT&T brought to bear was enough to overcome those facts, even within a cautious Obama administration," said Derek Turner, Free Press research director.

It's also a much-needed win for Sprint, the nation's third-largest wireless company, which launched its own offensive against the deal. The telecom firm reported spending nearly \$2 million in lobbying during the first half of the year, according to Senate disclosure reports. That's about \$660,000 more than during the same time period in 2010 when the company spent nearly \$1.3 million.

The company, which now has 10 lobby shops on retainer, hired Crowell Strategies, Franklin Square Group, Fritts Group and Thorsen-French Advocacy after AT&T announced its intent to purchase T-Mobile.

Going up against AT&T is not for the faint of heart. The former monopoly telephone provider, which has large operations in just about every state, has long-standing relationships with officials at all levels of influence – from municipal leaders to state legislatures and, of course, Congress.

It also enlisted some tech heavyweights, including Microsoft and Qualcomm, to back the acquisition.

The door has not closed on the deal. AT&T will have the chance to square off with DOJ in court to make its case about the merits of the deal.

Overturning DOJ's complaint is not unheard of: In 2004, for example, Oracle won out over the government's anti-competitive claims to complete its acquisition of PeopleSoft.

"History suggests DOJ winning in court is not a slam-dunk," said Paul Gallant, a telecom industry analyst at MF Global. "They've still got a fight on their hands."

AT&T has a vested interest in pulling off a deal in court, or trying to continue to negotiate with DOJ, if possible. The company has a pre-nup agreement, which requires AT&T to pony up \$3 billion in cash payments to T-Mobile, along with additional spectrum, and a national roaming agreement, if the deal doesn't go through.

The FCC still has to vote on its own official order on the deal. AT&T will have the opportunity to dispute that decision as well, though no company has ever disputed an FCC merger rejection.